

The logo for DRIHEALTHCARE features a teal plus sign to the left of the word "DRIHEALTHCARE" in a bold, dark blue, sans-serif font.

# DRIHEALTHCARE

The background of the banner is a light blue gradient with a hexagonal pattern. It features several circular icons: a plus sign, a test tube, a caduceus, and a pill.

# ADVANCING SCIENCE

in the Fast-Growing Pharmaceutical and Biotechnology Sector

Q1 2024 Earnings Call | May 7, 2024

# Disclaimer

This presentation has been prepared by DRI Healthcare Trust (the “Trust”). The Trust is an unincorporated open-ended trust governed by the laws of the Province of Ontario, Canada and is externally managed by DRI Capital Inc. (“DRI Healthcare”). The Trust completed an initial public offering (the “IPO”) on February 11, 2021, in which it acquired an initial portfolio of royalty assets from DRI Healthcare. The predecessor of DRI Healthcare was founded in 1989. Any references to employees or historical figures prior to the IPO refer to those of DRI Healthcare. This document includes information regarding the historical performance of private funds managed by DRI Healthcare, and is not indicative of future results.

## **Cautionary Note Regarding Forward-Looking Information**

This presentation, including responses to questions related thereto, may contain “forward-looking information” within the meaning of, and made pursuant to the “safe harbor” provisions of, Canadian provincial securities laws. Statements that contain forward-looking information are predictive in nature, depend upon or refer to future events or conditions, and include, but are not limited to, statements which reflect management’s current opinions, estimates and assumptions regarding the operations, business, investment opportunities, the profitability and availability of royalty investments, results, performance, financial position and compounding of cash flow, expected financial results, priorities, objectives, strategies, prospects, pipeline, capital management and both short- and long-term outlook of the Trust and its subsidiaries, which are based on management’s experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate and reasonable in the circumstances. Statements containing forward-looking information are typically identified by words such as “guidance,” “target,” “project,” “assumes,” “seek,” “objective,” “outlook,” “commitment,” “believe,” “expect,” “will,” and other similar expressions.

Despite careful consideration and review of the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct, and undue reliance should not be placed on such statements. Forward-looking information is subject to known and unknown risks, uncertainties, assumptions, and other factors that may cause the actual results to materially differ from those depicted or implied by such information, including but not limited to the risk factors or assumptions identified in the Trust’s most recent Management’s Discussion and Analysis (“MD&A”), under “Risk Factors” in the Trust’s most recent Annual Information Form, and in the Trust’s other filings with Canadian securities regulators available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

The forward-looking information contained in this presentation represents management’s expectations as of the date of this presentation, and are subject to change after such date. Except as may be required by applicable securities laws, the Trust does not undertake any obligation to update or revise any statement containing forward-looking information in this presentation, whether as a result of new information, future events or otherwise.

## **Non-GAAP Measures and Ratios**

This presentation also makes reference to certain non-GAAP financial measures including Total Cash Receipts, Normalized Total Cash Receipts, Total Cash Royalty Receipts and Adjusted EBITDA, and certain non-GAAP ratios including Adjusted EBITDA Margin and Adjusted Cash Earnings per Unit. These measures and ratios are not standardized measures under the International Financial Reporting Standards (“IFRS”) and are therefore unlikely to be comparable to similar financial measures disclosed by other issuers. Rather, these measures and ratios are provided as additional information to complement those IFRS measures by providing further understanding of the Trust’s financial performance from management’s perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of financial information reported under IFRS. See “Financial Review: Non-GAAP Financial Measures” in the MD&A, which includes a reconciliation of IFRS to non-GAAP measures, such reconciliation being incorporated by reference herein.

All dollar figures in this presentation are stated in US dollars.

# Recent highlights



## Royalty Transaction

### Omidria

- Deployed \$115 million on expansion of royalty through an amendment of our existing royalty agreement
- Structured annual royalty caps replaced with 30% royalty on all US net sales



## Refinancing

### Optimizing capital structure

- Completed a refinancing of our preferred securities
- New Series C preferred securities replace Series A and Series B
- Replaced in-the-money warrants with out-of-the-money warrants, significantly reducing potential dilution



## Dividend Declaration

### Quarterly cash distribution

- Declared a distribution of \$0.085 per unit for Q2 2024
- Payable on July 19, 2024 to unitholders of record on June 30, 2024

Growth of the Trust anticipated to generate increasing accretive returns for investors

# Q1 financial highlights

Normalized Total Cash Receipts<sup>1</sup>

**\$63.5 million**

+154% over Q1 2023

Total Income

**\$42.1 million**

+49% over Q1 2023

Adjusted EBITDA<sup>1</sup>

**\$55.1 million**

+157% over Q1 2023

Adjusted EBITDA Margin<sup>1</sup>

**87%**

Adjusted Cash Earnings per Unit<sup>1</sup>
















**\$0.47**

Declared Cash Distributions per Unit

**\$0.085**

1. Normalized Total Cash Receipts and Adjusted EBITDA are non-GAAP measures. Adjusted EBITDA Margin and Adjusted Cash Earnings per Unit are non-GAAP ratios. See "Financial Review: Non-GAAP Financial Measures" in our MD&A.

# Portfolio performance as of March 31, 2024

(\$ millions)	Q1 2024	Q1 2023	% Change <sup>1</sup>	Q4 2023	% Change <sup>1</sup>
<b>Total Cash Royalty Receipts<sup>2,3</sup></b>	<b>\$63.5</b>	<b>\$23.4</b>	<b>172%</b>	<b>\$52.3</b>	<b>22%</b>
 <b>ORSERDU</b> <i>Milestone receipts - 21.0</i>	31.6	-	n/a	23.2 <i>Milestone receipts - 12.7</i>	36
 <b>VONJO</b> <i>Milestone receipts - 5.0</i>	8.5	2.0	320	3.7	129
 <b>Xenpozyme</b>	-	-	n/a	0.4	(100)
 <b>OMIDRIA</b>	8.6	3.3	163	3.3	163
 <b>Zejula</b>	1.0	0.7	30	0.9	11
 <b>EMPAVELI</b> SYFOVRE	-	0.2	(88)	1.4	(98)
 <b>ORacea</b>	2.5	2.0	21	2.3	8
 <b>EYLEA</b>	1.7	2.5	(31)	1.8	(4)
 <b>FluMist Quadrivalent</b>	-	1.5	(100)	0.9	(100)
 <b>Natpara</b>	0.6	0.6	(7)	0.6	(11)
 <b>RYDAPT</b>	2.2	2.8	(21)	1.7	31
 <b>SPINRAZA</b>	3.8	4.1	(6)	4.4	(13)
 <b>Stelara</b> <b>Simponi</b> <b>ILARIS</b>	0.2	0.5	(46)	0.3	(13)
 <b>Xolair</b>	2.4	2.5	(4)	3.2	(24)
 <b>Zytiga</b>	-	-	n/a	3.7	(100)
Other Products <sup>3</sup>	0.4	0.7	(38)	0.5	(13)

Portfolio assets showed continued growth into 2024

1. % Change columns are based on figures rounded to the thousands and align with the information in our MD&A.

2. Total Cash Royalty Receipts is a non-GAAP financial measure. See "Financial Review: Non-GAAP Financial Measures" in our MD&A.

3. Other Products includes royalty income from certain other royalty assets as well as royalty assets which are fully amortized and, where applicable, the entitlements to which have generally expired.

# Our competitive advantages

## 1 Seasoned team

of specialized investment professionals with life science backgrounds and advanced business and scientific degrees

## 2 Disciplined capital allocation

based on robust investment criteria that has resulted in strong returns over three funds since 2006

## 3 Proactive sourcing

proprietary database tracking royalties on more than 2,500 drugs worldwide combined with deep industry relationships developed over our 35-year history

## 4 Strong execution

fundamental ground-up diligence on opportunities to execute high-quality transactions

# Investment highlights

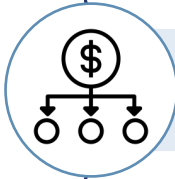


Founded in 1989, **DRI Healthcare is the pioneer of and a global leader** in healthcare royalty investing

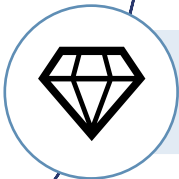


DRI Healthcare believes it is well positioned to capitalize on generational industry growth delivering attractive **uncorrelated cash flows**

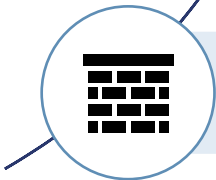
**DRI HEALTHCARE**



**Diversified portfolio** of products by therapeutic area and marketer



Potential for high margin value opportunity on **self-liquidating asset** class generating quarterly cash flows



Decades-long industry relationships and highly specialized investment capabilities create **strong barriers to entry**

# Preferred security refinancing

## Transaction rationale

### Scale

Refinancing advisable given strong growth of the Trust since February 2023 private placement

### Simplicity

Single class of preferred securities creates a cleaner mezzanine tier of our capital structure

### Reduced dilution

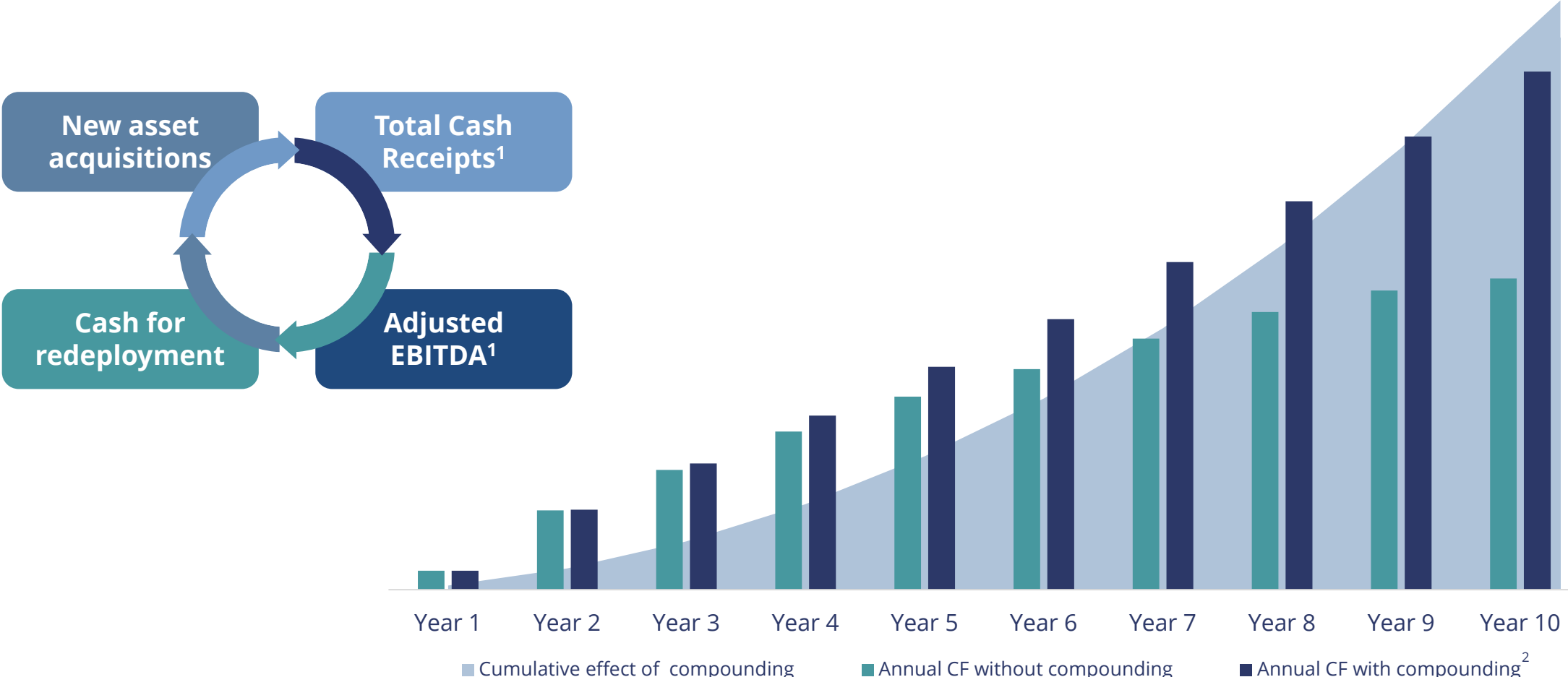
Replaces in-the-money warrants with out-of-the money warrants

<b>Transaction</b>	<ul style="list-style-type: none"><li>Replaces \$114.76 million principal amount of Series A and Series B preferred securities and approximately 6.37 million warrants with \$135.2 million principal amount of new Series C preferred securities and approximately 1.75 million new warrants</li></ul>
<b>Maturity</b>	<ul style="list-style-type: none"><li>April 2074</li></ul>
<b>Redemption</b>	<ul style="list-style-type: none"><li>Redeemable by the Trust at par, plus accrued and unpaid interest, on or after April 30, 2029</li></ul>
<b>Coupon</b>	<ul style="list-style-type: none"><li>7.50%</li><li>Coupon escalates to 10% on April 30, 2029, and by an additional 1.5% per annum thereafter, up to a specified cap, if not otherwise redeemed</li></ul>
<b>Warrants</b>	<ul style="list-style-type: none"><li>1.75 million exercisable prior to expiry in April 2029</li></ul>
<b>Warrant Exercise Price</b>	<ul style="list-style-type: none"><li>\$15.00 per Trust unit</li></ul>

Refinancing replaces Pref A and B securities with Pref C securities and reduces potential dilution by 8.2%



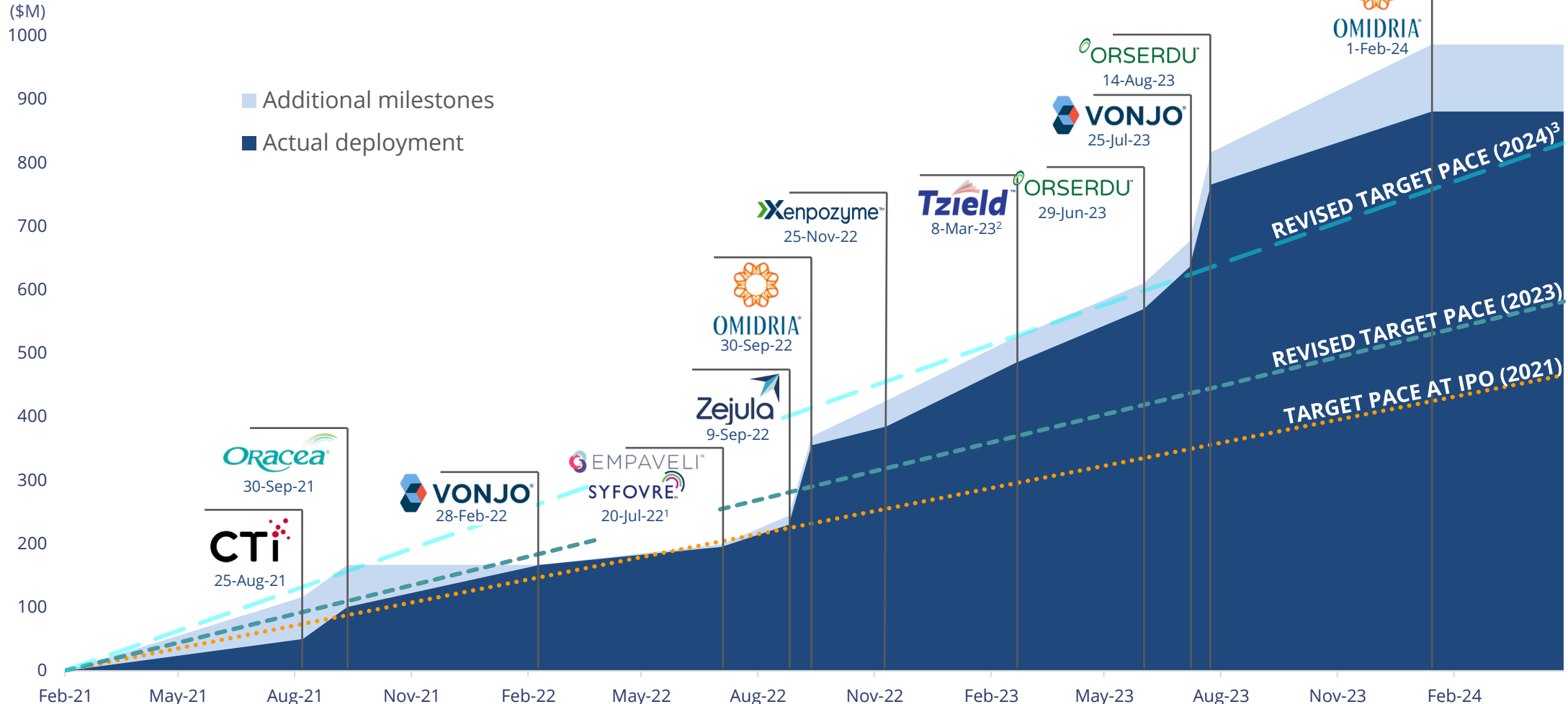
# Positive effect of compounding of cash flows



## Virtuous cycle of growing returns and reinvestment

1. Total Cash Receipts and Adjusted EBITDA are non-GAAP measures. See "Financial Review: Non-GAAP Financial Measures" in our MD&A.  
 2. The above chart is for illustrative purposes only to depict the effect of reinvesting cash flow over time. The chart was generated using a typical deal cash flow profile based on a historical analysis of DRI Healthcare's internal database of royalty transactions. Key assumptions include original transaction funded with a mix of debt and equity, with interest rate expense, management fees, and other operating costs factored in.

# Current deployment exceeds targets



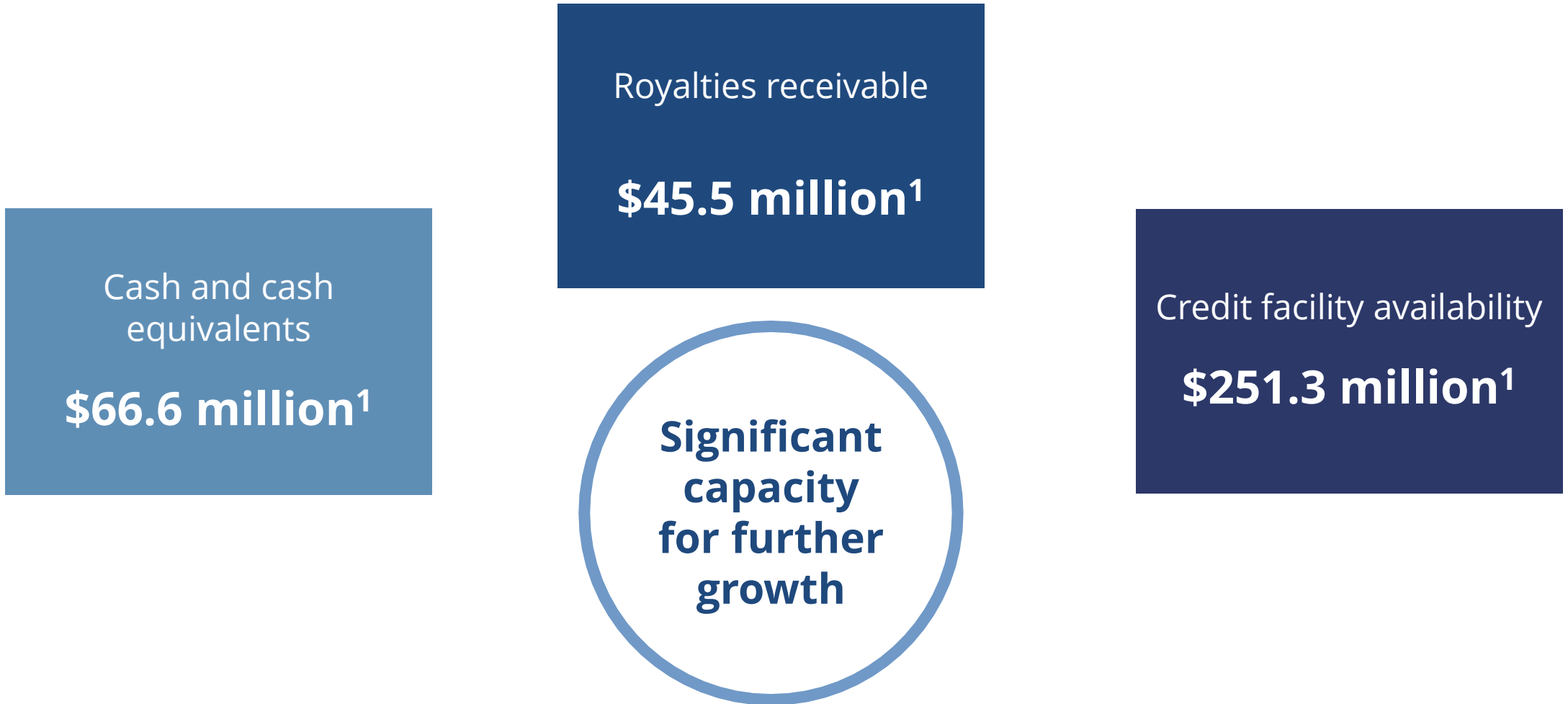
Deployment pace and need for capital by counterparties → 5 year deployment target increased to over \$1.25 billion<sup>3</sup>

1. Includes \$24.5 million royalty acquired on July 20, 2022 and \$3.7 million royalty acquired from a separate counterparty on April 3, 2023.

2. We sold our interest in Tziel on April 27, 2023 to an affiliate of Sanofi SA ("Sanofi").

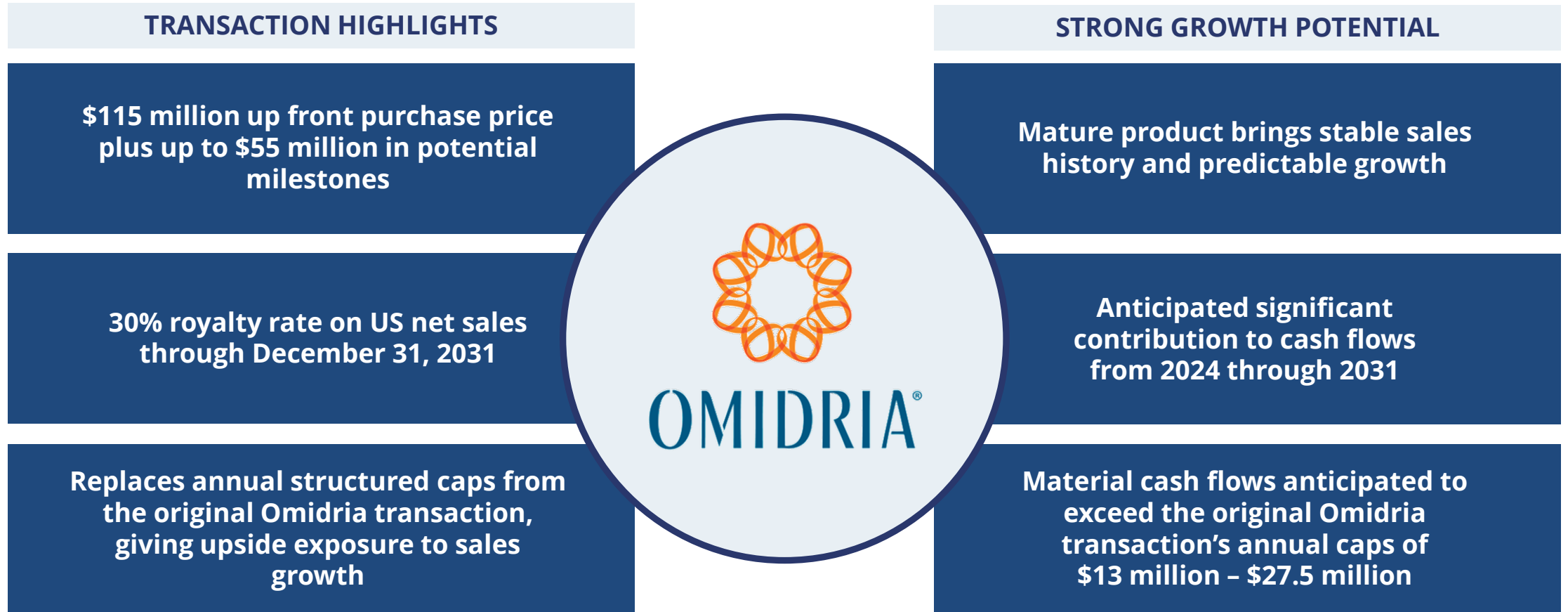
3. Deployment target is consistent with historical deployment since IPO, combined with assumed future capital availability based on forecasted royalty receipts and credit capacity. Forecasted royalty receipts take into account the existing assets in our portfolio and future execution of transactions in our pipeline of opportunities at a pace consistent with our past performance.

# Well capitalized for growth



1. As at March 31, 2024

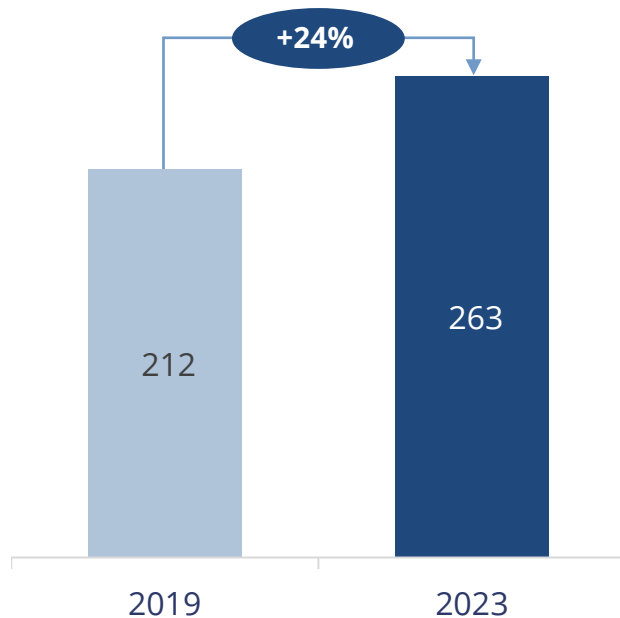
# Omidria expansion transaction



Highly accretive transaction with both near and long-term cash flow generation

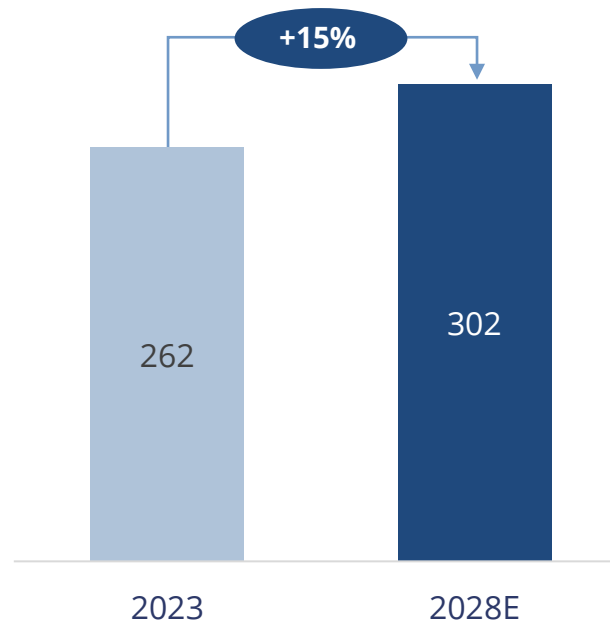
# Long-term drivers support royalty financing growth

Five year forward projected pipeline value (\$B)



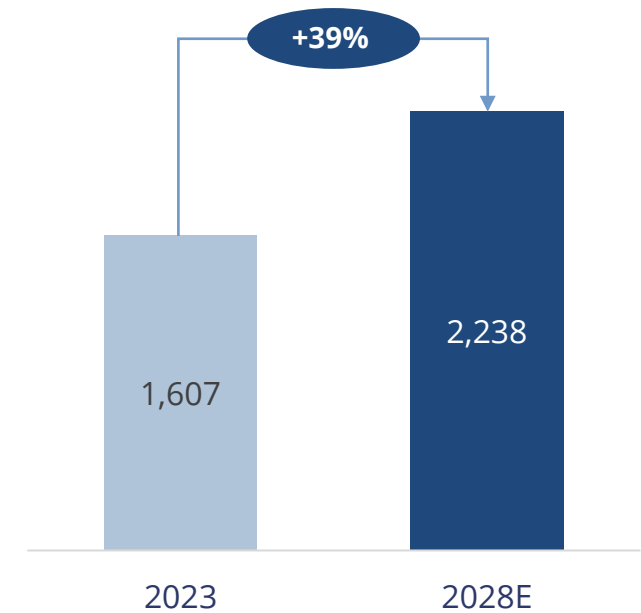
- New modalities
- Genomics
- Data science

Projected growth of worldwide biopharma R&D spend (\$B)<sup>2</sup>



- Pace of innovation
- Complex modalities
- Real-world outcomes

Projected growth of worldwide medicine spend (\$B)<sup>3</sup>



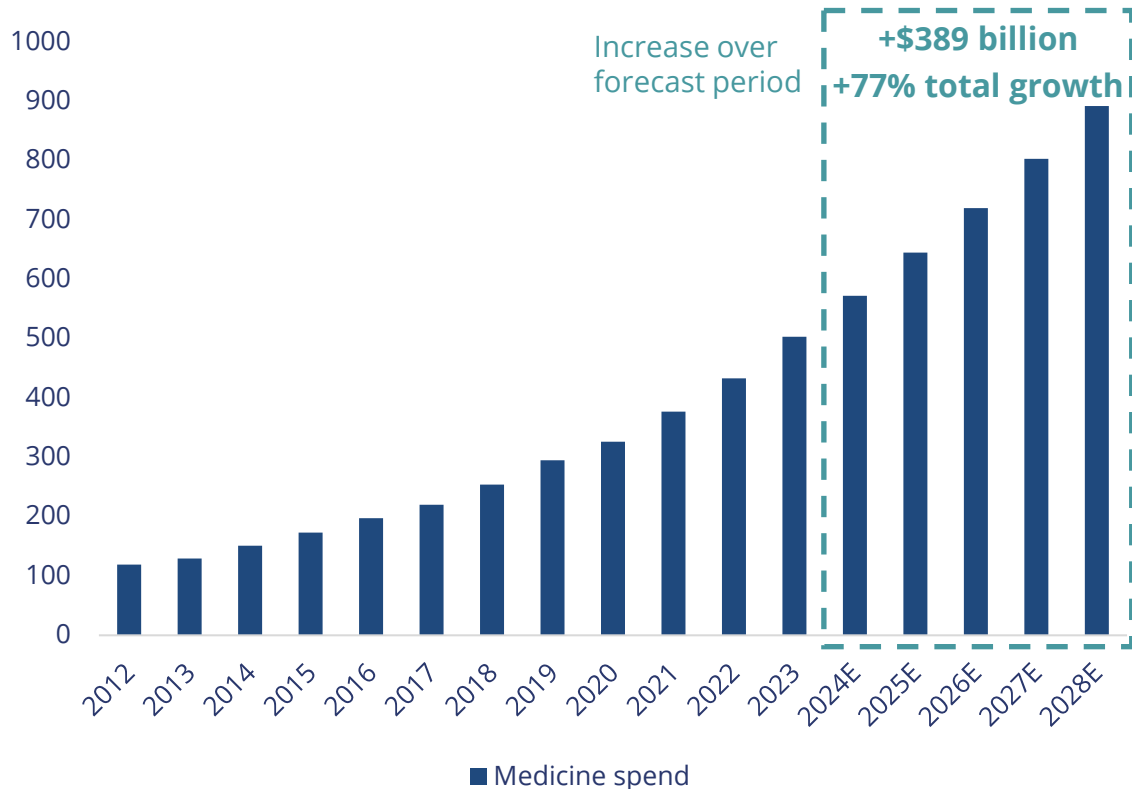
- Specialty medicines
- Aging population
- Emerging markets

Growing capital needs to develop novel drugs bolsters our pipeline

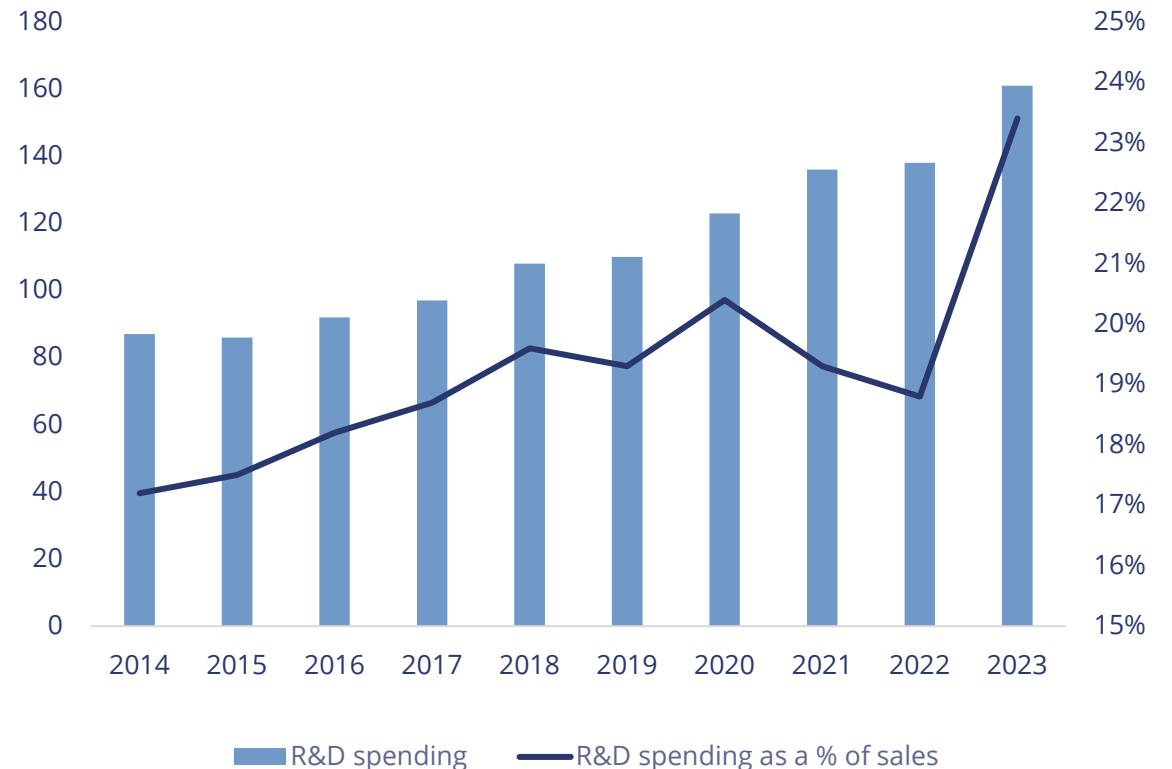
1. Source: Boston consulting Group, New Drug Modalities 2023, June 2023.  
 2. Source: Evaluate Pharma World Preview 2023: Pharma's Age of Uncertainty, August 2023.  
 3. Source: IQVIA Global Use of Medicines 2024, Outlook to 2028, January 2024.

# Growth across the biopharma industry

Revenue growth from biotech (\$B)<sup>1</sup>



R&D expenditure by large pharma (\$B)<sup>1</sup>

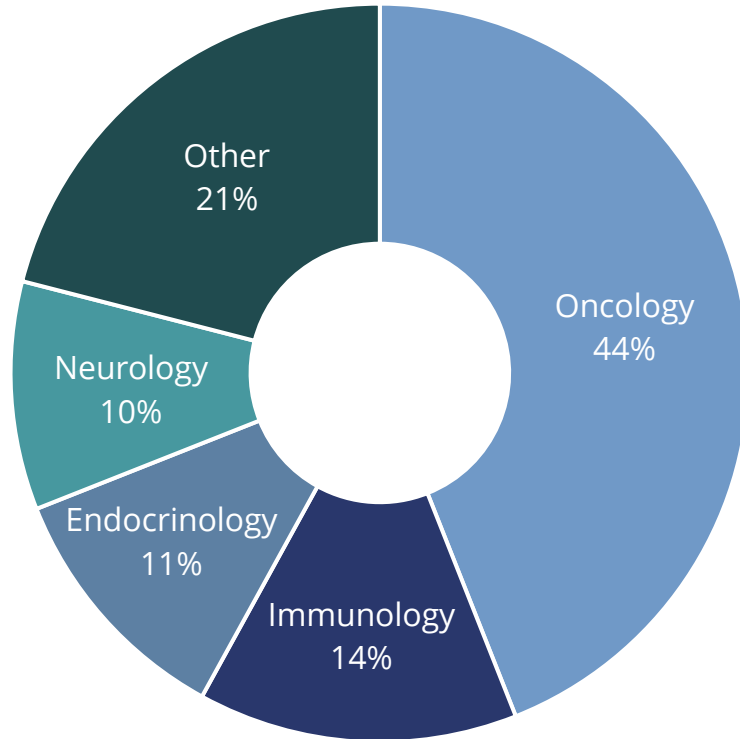


Both biotech and large pharma are accelerating the biopharma industry market size

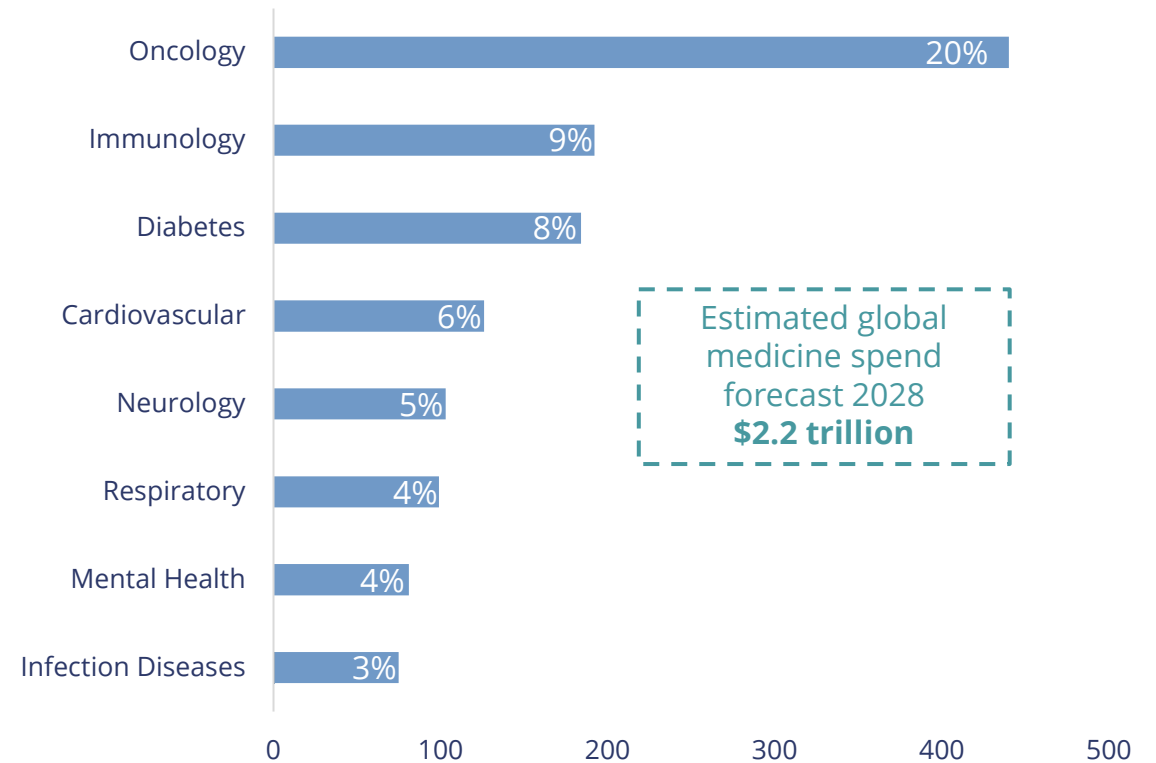
1. Source: IQVIA Global Use of Medicines 2024, Outlook to 2028, January 2024.

# Portfolio areas of focus

Clinical trial starts 2023<sup>1</sup>



Top therapeutic areas - 2028 projected global spending (\$B)<sup>2</sup>

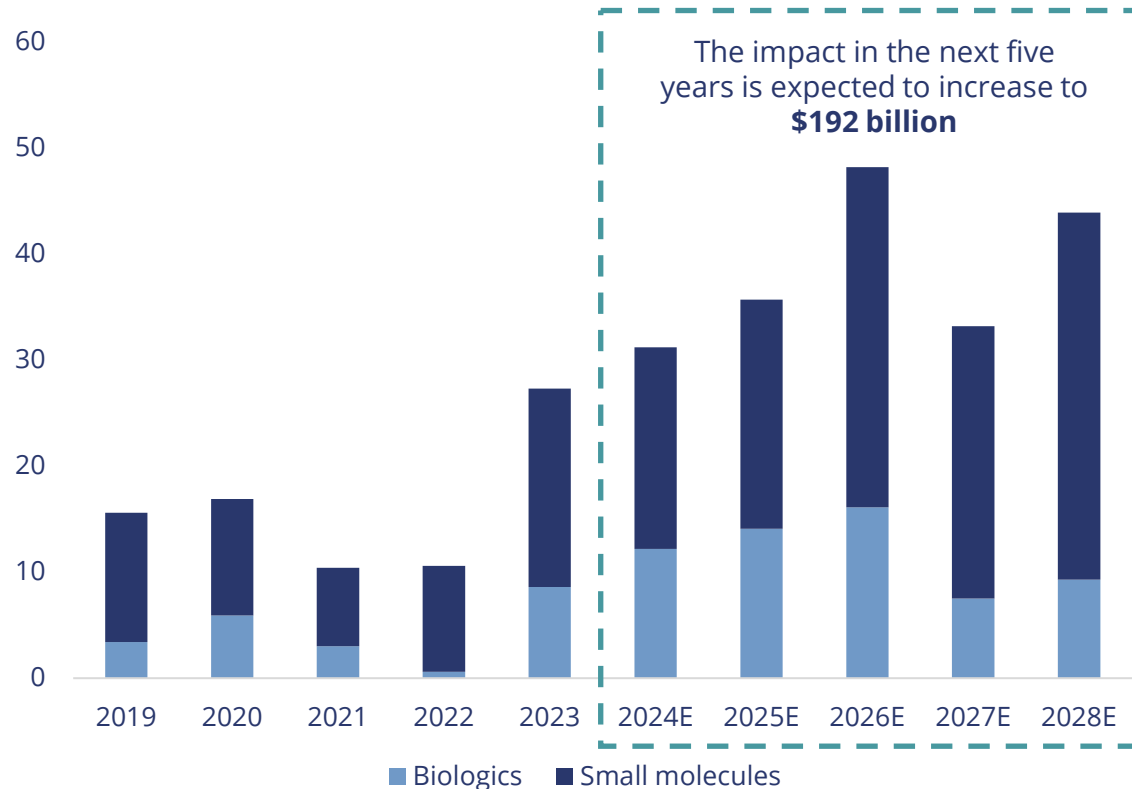


## Therapeutic areas concentration in new R&D and forecasted global spending

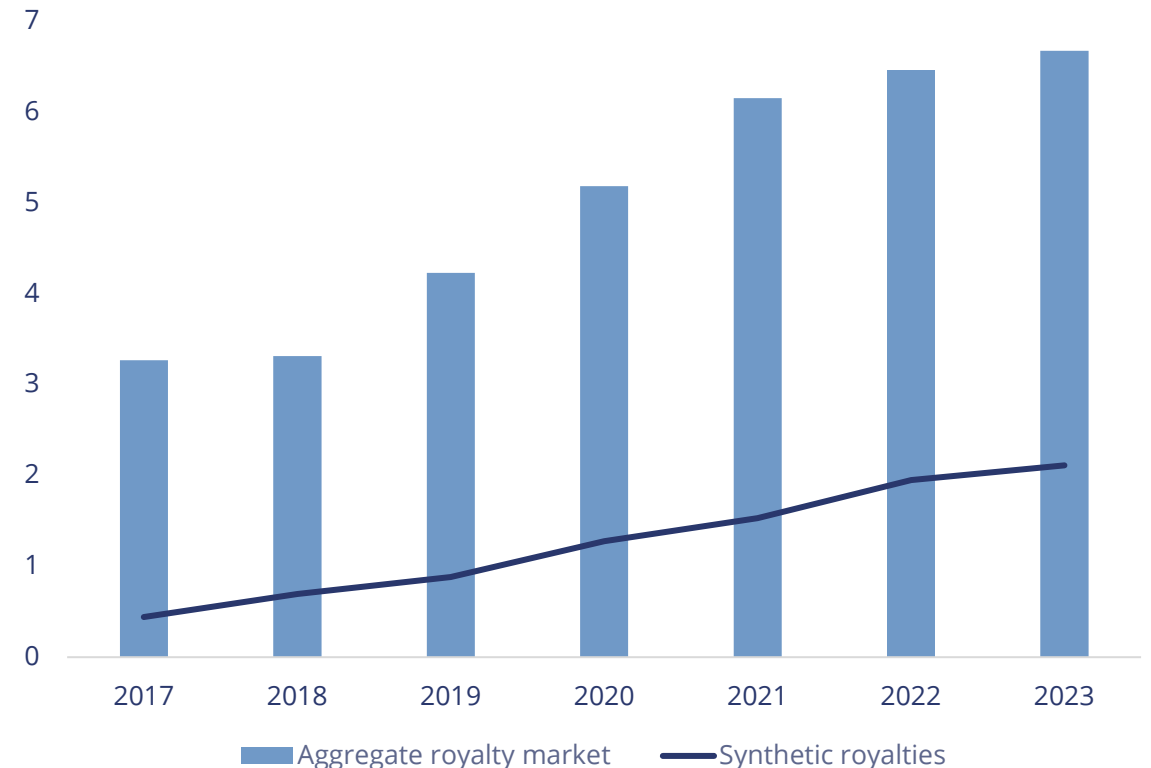
1. Source: IQVIA Global Trends in R&D 2024, Activity, Productivity, and Enablers, February 2024.
2. Source: IQVIA Global Use of Medicines 2024, Outlook to 2028, January 2024.

# Loss of exclusivity fuels business development and expands royalty opportunity set

Revenue loss from pending loss of exclusivity (\$B)<sup>1</sup>



Trailing three-year average value of transactions (\$B)<sup>2</sup>



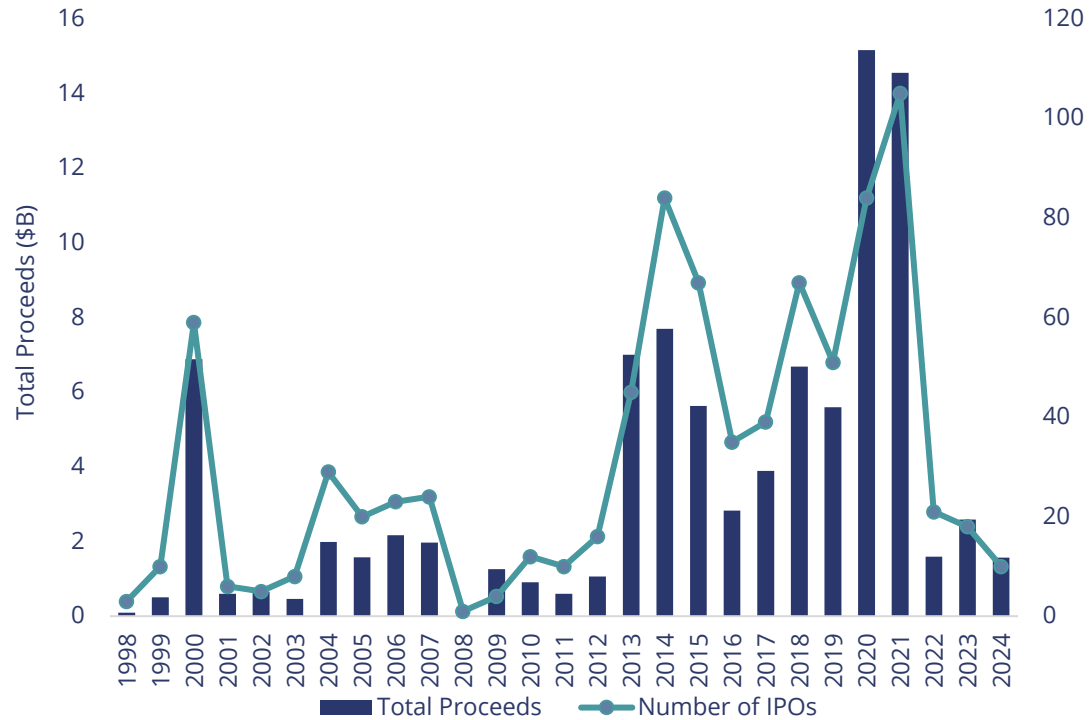
Pharma companies seek new drugs via business development to fill patent cliff, creating new royalty opportunities

1. Source: IQVIA Global Use of Medicines 2024, Outlook to 2028, January 2024 .  
 2. Source: Internal database. Includes royalty related monetization transactions across the ecosystem (inventor, academic/non-profit, biotech and pharma).



# State of the biotech market

## Biotech IPOs<sup>1</sup>



**Rapid expansion of biotech market with >500 IPOs in last 10 years**

## Biotech Equities Performance<sup>2</sup>



**Struggling equity capital markets for biotechs**

Creates an environment where a large amount of capital is required, making the Trust's royalty financing very attractive

1. Source: Jefferies Biotechnology IPO Screens, May 1, 2024.  
 2. Source: TSX InfoSuite as of May 1, 2024.

# Robust pipeline

\$3.0 billion in opportunities

Address important unmet needs with life-changing therapies for patients

Marketed by leading biotech or biopharma companies

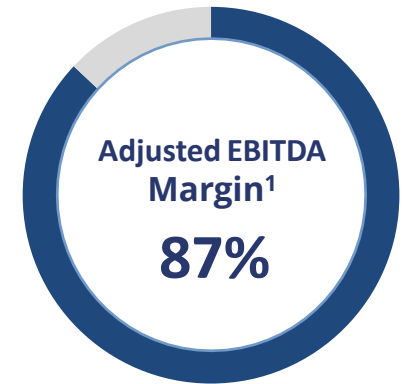
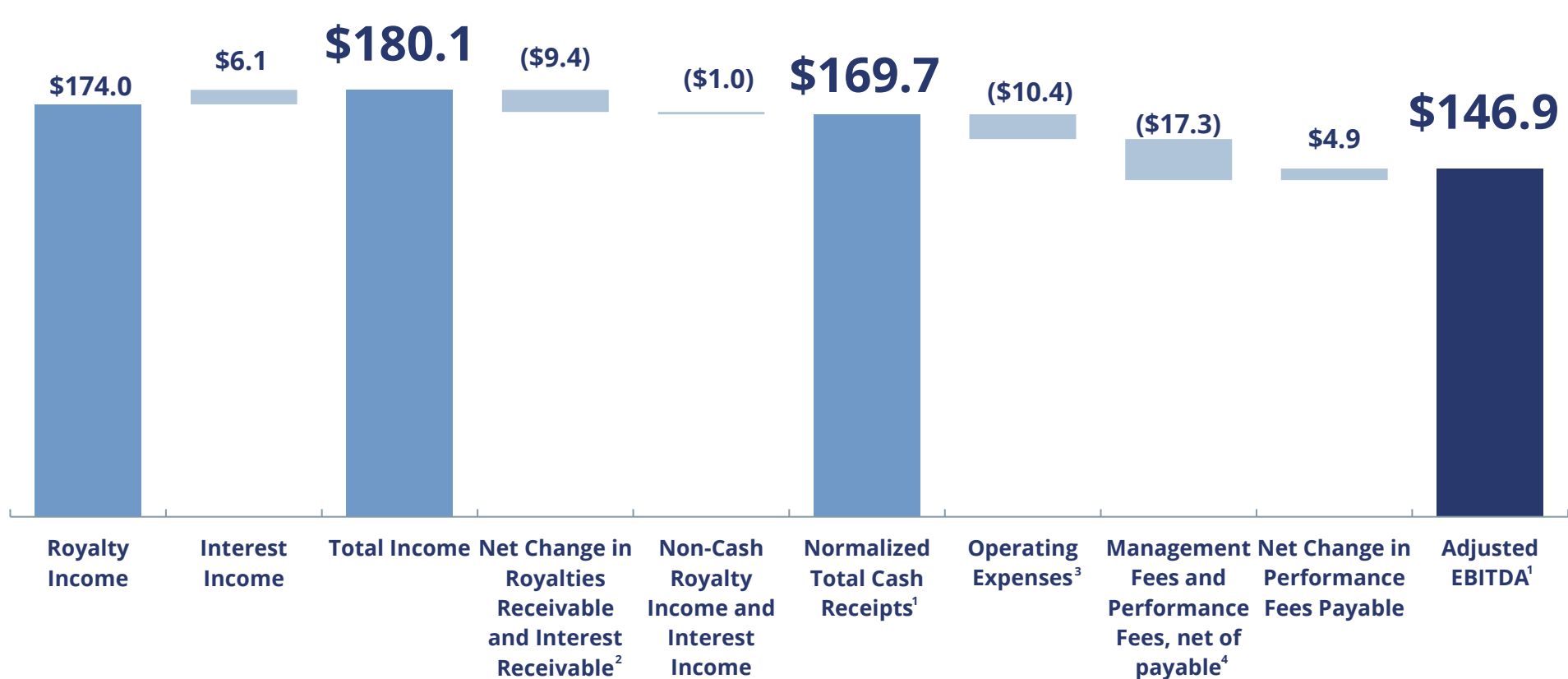
Provides strong intellectual property and regulatory protection

Further portfolio diversification and extension with attractive returns

All deals in the pipeline meet or exceed DRI Healthcare's strict investment criteria

# Strong cash generation

Adjusted EBITDA for the Last Twelve Months Ended March 31, 2024 (\$M)<sup>1</sup>



Cash available to drive portfolio growth and maintain distributions to unitholders

1. Adjusted EBITDA and Normalized Total Cash Receipts are non-GAAP financial measures. Adjusted EBITDA Margin and Adjusted Cash Earnings per Unit are non-GAAP ratios. Adjusted EBITDA Margin is calculated as Adjusted EBITDA / Normalized Total Cash Receipts.  
 2. The Net Change in Royalties Receivable and Interest Receivable represents royalties and interest receivable at the beginning of period, less royalties and interest receivable at the end of period, plus acquired royalties receivable included in the purchase price of the assets, less other interest income and less prepayment premium income on loan receivable.  
 3. Operating expenses are net of \$1.1 million related to board of trustee unit-based compensation and \$0.1 million related to amortization of other current assets.  
 4. Management fees are net of \$13.7 million and performance fees are net of \$18.6 million non-recurring fees related to the Tziel sale.  
 5. Adjusted Cash Earnings per Unit is calculated as comprehensive earnings (loss), plus: (i) amortization of royalty assets, (ii) amortization of other current assets, (iii) impairment of royalty assets, (iv) unit-based compensation, (v) board of trustees unit-based compensation, (vi) net unrealized loss on derivative instruments and (vii) management and performance fees on sale of royalty assets, and less: (i) non-cash royalty income, (ii) non-cash interest and other income on loan receivable, (iii) prepayment premium income on loan receivable, and (iv) net gain on sale of royalty assets; divided by weighted average units outstanding.

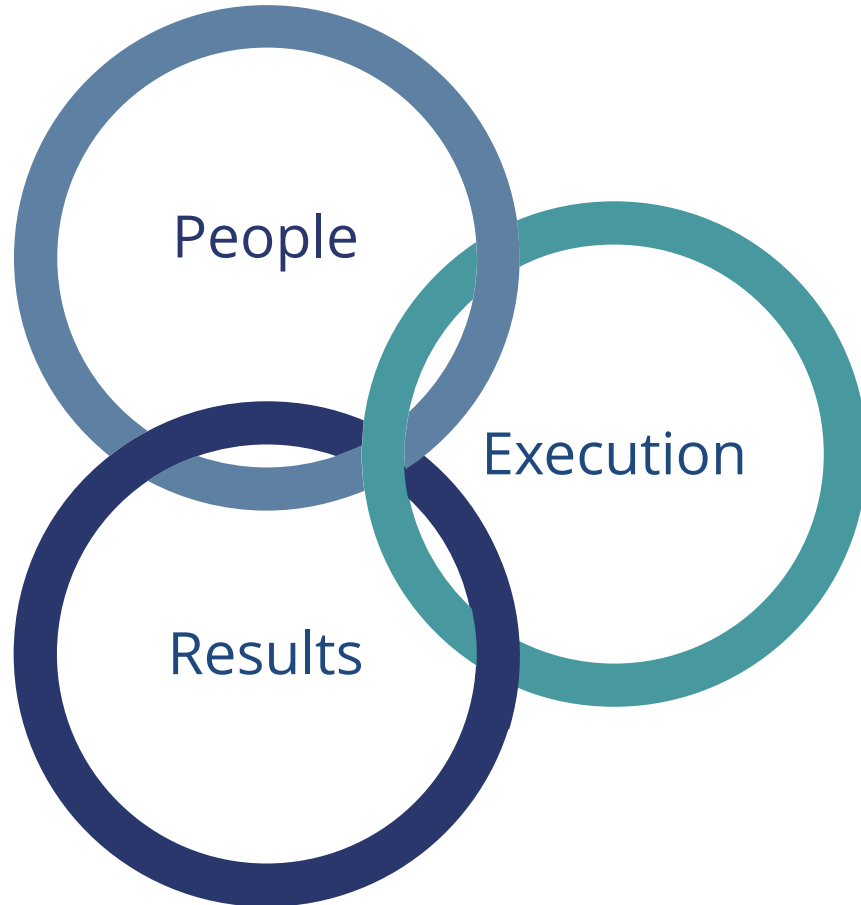
# Delivering on our long-term objectives

	Guidance at IPO (Feb 2021)	Guidance Today
Capital deployment target	Initial target of \$650 – 750 million over 5 years	Raised deployment target to over \$1.25 billion over 5 years <sup>1</sup>
Sustainable cash generation	Declining cash curve due to expected asset expiries	High-teens royalty income CAGR through 2025 and mid- to high-single digit royalty income CAGR through 2030 <i>(excluding any new transactions)</i>
Portfolio duration	8 years	>10 years
Capital resources	IPO proceeds and debt capacity	Equity offering proceeds and attractive credit facilities with compounding effect of cash flows

Focus on building long-term and sustainable strategic growth

1. Statements regarding the Trust's outlook over 5 years are based on its most up-to-date view of its prospects as of the date of this presentation. This long-term outlook includes potential royalty transactions currently in the Trust's pipeline and future royalty transactions that it may bring into its pipeline in accordance with its strict investment criteria. This long-term outlook assumes no material adverse events following the date of this presentation.

# Our key priorities



**Invest in our people and build the industry leading royalty investment team**

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**Execute on strong pipeline and operate at peak performance in all aspects of our business**

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**Focus on long-term, sustainable growth generating strong unitholder returns**

# DRIHEALTHCARE



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